

**Volume One, Number Three
(NEW SERIES)**

September, 1979

THE ZIMBABWE JOURNAL OF ECONOMICS

(Formerly The Rhodesian Journal of Economics)

Editors: A.M. Hawkins, J.A.C. Girdlestone and J.M. Robertson

ARTICLES

Page

Africanizing Employment in Zimbabwe: The Socio-Political Constraints	M.W. Murphree	116
The Land Question in Zimbabwe	J.D. Jordan	129
National Policy on Incomes, Employment, Prices and Profits - The Economics of Increasing Inequality	S.V. Chinyoka	139
Making Optimum use of the Limited Agricultural Resources of the Tribal Areas of S.W. Matabeleland	P. Hawkins	149
Alternative Development Strategies for Zimbabwe	R.C. Riddell	161
Some Observations on Financial Abuse at the Local Level	A.P. Cheater	172

THE ZIMBABWE JOURNAL OF ECONOMICS

(Formerly The Rhodesian Journal of Economics)

Editors: A.M. Hawkins, J.A.C. Girdlestone and J.M. Robertson

ARTICLES		<u>Page</u>
Africanizing Employment in Zimbabwe: The Socio-Political Constraints	M.W. Murphree	116
The Land Question in Zimbabwe	J.D. Jordan	129
National Policy on Incomes, Employment, Prices and Profits - The Economics of Increasing Inequality	S.V. Chinyoka	139
Making Optimum use of the Limited Agricultural Resources of the Tribal Areas of S.W. Matabeleland	P. Hawkins	149
Alternative Development Strategies for Zimbabwe	R.C. Riddell	161
Some Observations on Financial Abuse at the Local Level	A.P. Cheater	172

ALTERNATIVE DEVELOPMENT STRATEGIES FOR ZIMBABWE *

Roger C. Riddell **

Last week in an address to the European Parliament in Strasburg, the EEC Commissioner, Mr. Roy Jenkins, warned parliamentarians that "we face no less than the break-up of the established economic and social order on which post-war Europe was built." But it is not only the industrialised world which faces crisis as we begin the 1980s. The rapidly rising foreign debt of third world nations from \$74 billion in 1970 to a staggering \$321 billion in 1978 and the seemingly endless rise in oil prices have stifled the economic policies for many third world nations. At the same time, the last few years have seen a marked increase in economic protectionist policies by the industrialised nations of the world in the face of what they see as the threat of competitive imports from third world nations, in particular, the newly industrialised nations. And for the future, the silicon chip revolution will not only challenge the employment policies of industrialised nation governments, it will also herald - and indeed is already starting to herald - a marked change in the operations of transnational corporations and in particular their decision to invest in peripheral economies such as our own.

My reason for drawing your attention to recent changes in and predictions for the world economy can be simply stated. To discuss the economic future of Zimbabwe at the present time, less than two weeks before the common roll election and with no guarantee of a return to peace, would be difficult enough against a background of a relatively stable and predictable world economic order. But to make such an attempt against the background of an unstable and uncertain world economy would worry the most hardened sooth-sayer, never mind an economist.

And for this country in particular, we are faced with uncertainty and with a whole series of critical questions which would need to be answered before we could begin to predict with any accuracy the future pattern of development in Zimbabwe. Who will win the election, and if there is no outright majority what sort of coalition will be formed? Will the right or left wing factions of the party or parties to government dictate policy? How much stability will the new government have? Will the war end and if not will the nature of the war change and what resources will the new government have to channel to the war? Will there be a coup? What stance will the Front Line States, South Africa and the wider international community take in the short and medium term? How far will an escalating guerilla war in South Africa affect the economy of Zimbabwe? What political and/or military solutions will emerge in Namibia? What effect would economic sanctions imposed on South Africa by either all member states of the United Nations or member states of the OAU have on the Zimbabwean economy? And further afield, how will the changing nature of the economies of the industrialized world affect a future Zimbabwe?

Within the context of many uncertainties, both national and international, Zimbabwe seems to be faced with two alternative development strategies for the future, one capitalist oriented and one socialist oriented. Of course to say this is not to say very much for on a theoretical level a whole variety of economic structures and policies and goals of governments can be envisaged

* Paper presented to the 'Issues in Development' Seminar Series, Centre for Inter-Racial Studies, University of Rhodesia on February 18, 1980.

** Staff member of the Catholic Institute for International Relations and Editor of the series From Rhodesia to Zimbabwe.

under an economy based either on the price system or on a system of central planning. Thus I will make an assumption, based on both the experience of this country and patterns of development in other developing countries that Zimbabwe is currently faced with either a development strategy based on a capitalist oriented mixed economy, which will build on the present economic base and attempt to develop its links with the western industrialized world and a development strategy based on the transition to socialism aimed at altering the present economic structure and lessening its dependence upon the western industrialized world. I shall also assume in accord with party manifestoes and commitments made by political parties, that there are a set of common goals which all parties wish to achieve. These include the establishment of a non-racial state and the rapid promotion of skills within the black community, rapid economic growth, a redistribution of land and the achievement of adequate education, jobs and basic social services for all.

After outlining some of the major economic problems facing the country at the present time, I will attempt to look at how these problems might be addressed under the capitalist oriented mixed economy and under the transition to socialism. In doing this I shall assume the best of all possible worlds: that the war will end and that the new government will be stable and strong enough to pursue its development goals with a minimum of international interference. Insofar as these assumptions are not met in the real world, the different strategies will be faced with increasing problems of implementation. But even on the best assumptions, both strategies will be faced with major - although different - problems, Zimbabwe's economic structure is export oriented, dependent upon foreign capital and on the plentiful supply of cheap labour. Economic policies of successive governments have encouraged foreign investment which has assisted the growth of commercial agriculture, mining and manufacturing. In 1965, when UDI was declared, exports were valued at 56% of gross domestic product, imports at 46%. 68% of net profits accrued to foreign companies, rising to over 90% in the mining sector. It was this openness of the economy which led British policy-makers to believe that economic sanctions would bring the Rhodesian rebellion to an end. However, partly because of the slowness with which international sanctions were applied, partly because South Africa did not comply and finally because western governments failed to apply sanctions with the necessary muscle, the Rhodesian economy survived and achieved high growth rates up to 1975. She was able to switch export markets and introduce new export products. To preserve scarce foreign exchange, vigorous import substitution policies were introduced and government was able to directly influence the direction of investment. At UDI the respective shares of GDP were manufacturing 18,6%, commercial agriculture 20,6% and mining 7,2%. By 1975 manufacturing had overtaken agriculture and was responsible for 24% of GDP, the number of products produced increasing over sixfold in the post-UDI period. In spite of sanctions, foreign capital has continued to flow into Zimbabwe, averaging over \$30 million a year and the government has been able to raise loans on international currency markets. By 1978 exports were valued at \$600 million, 27% of GDP and imports at \$420 million, 19% of GDP. Between 1965 and 1976 the real growth rate of the economy was 7,5% per year.

Since 1975, a combination of the war, world recession, the rise in oil prices and a marked decrease in the terms of trade, real growth rates have been consistently negative. In real terms, GDP fell by 13,4% in the four year period 1975 to 1978 and remained steady in 1979.

Zimbabwe's present pattern of development, with its emphasis on high growth rates in the modern sectors of the economy has created major structural problems in

the critically important areas of land, employment, wage distribution, patterns of consumption and in access to social services such as education, health and social security. In a situation not uncharacteristic of many middle-income developing countries, but made worse by decades of racial legislation and practice, economic growth in Zimbabwe benefitted a small and largely white elite; the benefits of growth have not been redistributed to the majority of the black population.

The land problem in Zimbabwe does not lie so much in the inequalities in access to land per se, but because inequalities in access to land are accompanied by growing overpopulation, landlessness, land deterioration and increasing poverty in the African areas alongside serious underutilisation of land in the formerly European areas. Under the present system of mixed (arable and livestock) farming practised in the TTLs, the available productive land is able to carry some 275 000 farming units, providing a modest (i.e. low) income and given present levels of capitalisation. Yet the TTLs currently carry about 700 000 units, two and a half times the safe number. Although no national figures of landlessness are available, sample studies carried out five years ago in the south east of the country showed that 40% of rural men aged between 16 and 30 had no land. Over 17 times as much land is currently being used for arable cultivation; this land has been taken over from the grazing areas, 50% of which is estimated to be bare or heavily over-grazed. Each year the land is becoming less and less productive.

In contrast, large areas of formerly European land are either unused or under-utilised; a figure of at least 60% of total European land could be classified as unused and underutilised. In addition, a range of direct and indirect subsidies help to keep white farmers on the land; in spite of these, the RNFU estimated in mid-1978 that 40% of white farmers were insolvent. The impressive production figures for white agriculture, a twentyfold increase since 1945, conceal considerable inefficiencies within the sub-sector.

With few job opportunities in the rural areas, blacks have increasingly sought employment in the modern sectors of the economy. In the 13 year period 1966 to 1978, each year 178 000 black children either left school or were old enough to do so had they completed their education. In the same period only 20 000 new jobs were created each year and in the years of most rapid economic growth, 1969 to 1974, the number of new jobs for blacks only increased at 33 000 per year. Even when allowances are made for mortality, retirement and those not looking for work, the economy has not been able to provide anything like full employment. And in the past few years, employment levels have fallen by over 30 000, so increasing the backlog of unemployed blacks.

For those blacks who find employment, most receive extremely low wages and the absolute wage gap between the relatively small number of highly-paid employees and the high number of low-paid unskilled and semi-skilled blacks is increasing. In 1977, average black wages were \$589 a year, 10% of average white wages of \$6 155 a year. In that year, 86% of all black employees outside white agriculture received cash wages of less than \$90 a month, below the poverty datum line income for a family of six people. For agricultural workers on white farms, wage levels are even lower.

Wage differentials have had a marked effect on the structure of consumer demand in the economy. A large proportion of new products produced since UDI, for example, have been luxury products. For example the ARNI register shows the production of the following goods: high quality furniture, lollipop sticks, canned asparagus, bird seed, fifteen varieties of hair shampoo, ten different hand cleaners, five varieties of lipstick, seven varieties of swimming pool paints, ten varieties of pet food and many more.

Access to social services are characterised by a similar maldistribution. The present state health service is based on an urban and hospital-based curative system, biased in favour of the more affluent sectors of the population. The same pattern is true for education. While white children have traditionally received education up to the age of 16 years, 25% of black children do not start school, and over 60% do not complete full primary education. The primary schooling system is geared to secondary schooling but only 4% of black children complete four years of secondary education, while until recently, 50% of all blacks with post-primary education were either unemployed or doing jobs well below their educational ability.

Paying for the escalating war has added an increasing burden to state financing, while the growing inability of the government to pay for the war out of revenue collection has led to an increasing dependence on state borrowing. In the last financial year, the government had to borrow \$370 million to meet its expenditure commitments; this was 16% of GDP. In the current financial year, government is planning to borrow \$454 million, amounting to 42% of total current expenditure. Declared government borrowing will have doubled the country's gross public debt in the years 1978 to 1980, while British Government sources have recently been informed that Rhodesia has been borrowing about \$400 million a year from South Africa to help meet current expenditure commitment.

More visibly, the war has led to the destruction of much of the countryside and the rural economy: schools, clinics, cattle dips and stores have been destroyed, roads have fallen into disrepair, hundreds of thousands of cattle have died or been affected by tsetse fly, tickborne and other diseases. It is estimated that over one million people have been displaced by the war, while the shortage of adequate food supplies have led to dramatic increases in malnutrition in many rural areas.

Although time does not permit a more comprehensive analysis of the economic problems to be faced by incoming governments, it is clear from this brief overview that the problem thrown up by Rhodesia's past pattern of development and more immediately by the war, are sizeable.

We now turn to the future and examine the two different strategies for the economy, mentioned above. First the capitalist oriented mixed economy approach. Assuming that the war ends and that there is a government in Zimbabwe committed to and able to carry out a capitalist development strategy, what prospects are there for solving the problems of the present economy?

A number of studies have been made in recent months which examine the prospects for economic growth and expansion with the removal of sanctions. One of the most rigorous of these was carried out by Rhodesian economist, Duncan Clarke, at

the end of last year.

Clarke makes a number of assumptions favourable to the growth of the export oriented capitalist economy. These include: maximum effect from the lifting of sanctions is achieved and the full 20% discount benefit on trade value accrues immediately to the economy; the terms of trade cease to deteriorate; net private capital inflows resume at their early 1970 level; only one year is needed for post-war reconstruction; official bilateral and multilateral aid flows increase while foreign debt repayment also increases; invisible earnings on current account increase with a resumption of trade with Zambia and Mozambique; the economy is able to finance increased import levels, to absorb new capital and to replace old capital and to build up foreign currency reserves; the economy is not subject to drought or natural disaster to divert the course of sustained growth and finally in future years the rate of inflation can be controlled. In short, he assumes the most optimistic set of circumstances favourable to economic growth.

Working with these assumptions, Clarke estimates that the economy would grow over the next ten years at a rate of 3% a year or at best 5% a year, in real terms. With the 3% path, the historical peak of GDP reached in 1974 is passed again 5 years after independence, with the 5% path, two years after independence. As welfare at large is connected to per capita levels, and assuming an increase in population of 3% a year in the ten year period, even on the high growth rate assumption, GDP per capita would not reach the 1974 peak until 1990.

Clarke warns: "there is a real need not to underestimate the structural effects of past and existing policy as well as some terrible consequences of the war. Chronic unemployment, landlessness, urban and rural poverty, inequality and the high level of external influence in the economy - all of which have been long evident - will not dissolve merely through sanctions removal. Nor will they wither simply with projections of past growth trajectories - no matter what their rate".

A more optimistic projection of economic growth under a capitalist oriented strategy is found in the "proposals for a five year programme for development in the public sector", published in January last year and broadly accepted by the previous government. Two assumptions of this plan are that "the development of the private enterprise economy is important because it is the basis for all else" and that "as interest on foreign development loans will have to be serviced and capital replaced, it is imperative that the commercial sector of agriculture (and other leading sectors RR) be encouraged to produce surpluses of exportable commodities at a profit." The proposals attempt to address some of the problems of unemployment, landlessness and lack of adequate social services outlined above. The total cost of this massive public sector investment programme is \$3,5 billion, costed at 1977 prices; total investment at year 1 is estimated to be \$360 million rising to \$826 million at year 5. The proposals estimate rates of growth of the economy as: 3% year 1, 5% year 2 and 8% in years 3, 4 and 5. It is also estimated that there will be an increase in employment of 350 000 in the 5 year period, averaging 70 000 a year.

Even if these proposals could be implemented (and costs of rural reconstruction are ignored), the estimated rise in employment levels in the modern sectors of

the economy would still not completely absorb the increasing numbers of males out of school, never mind address the backlog unemployment problem. In the rural areas, resettlement programmes aim to settle between 5 050 and 11 110 tribal trust land farmers on 2 million hectares of unused and underutilised white farm land in five years, a tiny proportion of the excess number of cultivators in the TTLs, which the plan estimates to be 277 000. 56 800 plottolders are to be settled on irrigation plots of average size of 0,4 hectares at a total cost of \$147 million. Proposals are put forward for developing those remaining in the tribal trust lands, but acute land pressures will remain. Indeed the largest proportion of finance allocated to rural development in the proposals is to go to the commercial agricultural sector, \$216 million.

However, the proposals are highly unlikely to achieve their stated goals. In the first place, at current price levels, the proposals are undercosted by about 25%; current estimates of the costs would be about \$4,4 billion, with first year capital investment of \$450 million - this is equal to total gross fixed capital formation for the peak year of 1975 and over twice the current level of government capital expenditure. Most of the money for such investment would have to come from loan finance and the current high levels of state borrowing together with the recent doubling of the public debt indicate the dangers of such a strategy. It is planned that, at current prices, \$1,1 billion would come from foreign aid, while the foreign content of inputs would probably raise foreign sourcing to about \$2,5 billion in the five year period. The repayment of foreign loans and interest would be dependent upon maintaining and increasing present levels of exports. While this is theoretically possible to achieve - assuming the funds were forthcoming and that is itself a big assumption - the experience of other middle-income developing countries in recent years shows that in practice foreign debt repayments are likely to be very difficult to meet. Zimbabwe is at present in a unique position of having considerable flexibility in its economic policies because of its relatively low foreign debt; it would seem unwise to rapidly increase her foreign debt to the levels implied in these proposals.

But realistically, the proposals have little chance of meeting their targets because the economy simply does not have the capacity to embark on such a massive investment programme. Even if she had the required level of skills, the strains put on the construction sector for example, would be enormous, so adding to inflationary tendencies in the economy and leading to worsening terms of trade. With increasing numbers of skilled white personnel emigrating from the country in recent years, the economy is experiencing a serious shortage of professional and technical manpower. For example, in 1969, there were 921 white construction workers in the economy; between 1977 and 1979 there was a net loss of 426, nearly 50% of the 1969 total. Between January and October last year alone the number of journeymen in the building industry in Mashonaland and Manicaland (black and white) fell by 33% from 732 to 487. In general, in the last two years there has been a net loss of 15% of white professional and technical workers throughout the economy.

Finally, the plans of any incoming government are likely to include far higher investment in the social services than the proposals project. For example, the proposals only account for state spending on primary schools in the urban areas of the country whereas an incoming government is likely to require massive state spending on school expansion in the much neglected rural areas.

Moving away from these specific proposals, a number of other problems and tensions which a capitalist oriented development path is likely to experience can be briefly mentioned. The easier it is made for foreign capital to invest in Zimbabwe, the greater will be the integration of the economy to the western industrialized nations and hence the less control a future government will have to implement national priorities. As export expansion may well be hindered by increased western protectionism, especially if greater attempts are made to increase industrial exports, balance of payments problems may be expected. To overcome these problems, help would probably be sought from international agencies such as the IMF which would demand economic policies opposed to large non-profitmaking investment and income redistribution in favour of poorer groups. Furthermore, the honeymoon period of the UDI period when government held a tight control over the operations and policies of transnational corporations is unlikely to be tolerated in the future; the experience of other countries shows that more rigorous licensing systems are likely to be demanded as well as packaged technological transfer arrangements, so increasing foreign dependence. In addition, international wage and salary structures demanded by TNCs will have the effect of increasing or at best maintaining high income differentials and so continuing the bias towards luxury consumption so apparent today. One final lesson from the experience of other middle-income developing countries shows that attempts to accelerate the growth rate of the economy and then redistribute the benefits of growth to the poorer sectors of the economy have, by and large, been ineffective.

We now turn to the scenario which assumes that following the election and with the ending of the war, a government is elected in Zimbabwe which is committed to and able to carry out an economic strategy based on the transition to socialism. What would be the prospects for solving the problems of the economy.

It needs to be stated at once that one faces considerable difficulty both in quantifying the likely results of such a strategy and also in making direct comparisons with the capitalist development strategy. One reason is that structural changes implicit in this approach render inadequate and/or inappropriate many statistical projections based on present economic structures. Other reasons include uncertainty over the precise course of development to be taken under a socialist government, the speed with which changes could occur and the amount of resistance to such a strategy that could be expected.

We shall assume that a government committed to a socialist oriented development strategy would aim to create an economic system in which the state has direct control over all major decisions relating to investment, production and distribution and where economic growth is determined by and oriented to national needs and priorities. This implies for Zimbabwe a shift away from export-led, externally dependent growth determined by non-government and often non-national decision-makers to a more self-reliant and nationally controlled growth path. Economic growth would be geared primarily to mass productive employment, the production of mass consumption goods and the provision of adequate land and social services. It can thus be seen that in this strategy many of the problems of the present economy - such as landlessness, unemployment and lack of access to social services - which the capitalist-oriented strategy would attempt to solve primarily through a concentration on economic growth, the market mechanism and subsequent redistribution, become national priorities and goals. Of course this does not a priori make them any easier to solve.

The UDI economy contains a number of important elements conducive to socialist planning. For example, the state currently controls all foreign exchange dealings under a licensing system and thus directly influences that pattern of private sector investment decisions. In addition, public sector investment constitutes over 40% of total gross fixed capital formation in the economy. The state also intervenes directly in the regulation of prices, in the determination of interest rates, the control of the money supply and bank deposit ratios and has in recent years directly intervened in the determination of wage rates. Under a transition to socialism one would expect this type of intervention to continue and probably to be even more comprehensive. One way of tightening control, common in many countries embarking on the transition to socialism, is for the state to take over direct control not only of the central bank but also of the commercial banks, merchant banks and discount houses, and this step is likely to be taken in a socialist Zimbabwe.

It is in relation to the allocation of resources in the economy, private sector investment, the range of products produced and in the production process that one would expect major changes to occur. To achieve the priorities outlined above, one would expect there to be substantial reallocation of land to the landless and to those with inadequate land holdings, a marked redistribution of wealth and income in favour of the low-paid, not only by raising wages of the low-paid but also by lowering or at least freezing the wages of the higher paid, a marked change in the tax structure and an accompanying shift to the production of mass consumption goods and the provision of basic social services. But it is precisely here that the major problems for the transition to socialism arise because of the hold that critically important foreign and local private interests have over the present pattern of wealth creation and in the present pattern of distribution.

At present in Zimbabwe the production process is dominated by foreign capital and technology with national capital closely integrated with and largely dependent upon foreign interests. While production is oriented to export and to luxury consumption, it is also, quite obviously, involved in the production of basic consumer and household goods and in maintaining and expanding the infrastructure. Any moves by the state to 'take over' the operations of these companies or to attempt to change their mode of operation run the risks of initiating a decline in the production of essential goods, a lowering of employment levels and the loss of foreign exchange.

As a socialist oriented development strategy would wish to maintain high levels of growth, to promote a rapid increase in employment and to demand considerable levels of foreign capital and technology inflow (albeit more controlled than at present) conflicts are bound to arise. Because of the long history of foreign capital and technology penetration into all leading sectors of the economy together with the cross-linking across sectors by a number of large companies, there is unlikely to be either a quick or easy transition to state control. One would rather expect a cautious and piecemeal approach to the control of foreign and private national capital.

As a first step, however, there would be likely to be increased regulation of profits with strict control over remittances abroad, considerable increases in taxation and greater state control over disbursements. This would probably be accompanied by demands for fuller disclosures of operations, stricter control

over technology transfer tailored more to the changing economic base, strong obligation to initiate local training of personnel, demands for cross-sectoral integration of operations and moves to greater workers' control schemes. In practice one would be unlikely to see a rapid withdrawal of transnational corporations from a socialist oriented Zimbabwe both because the government will need the capital, technology and expertise present in the country and also because of the large amount of foreign capital invested here - estimated to be of the order of \$2 000 million. Indeed one could expect new contracts to be signed. However these contracts are likely to be on a case by case basis and based on a rigorous bargaining process, with the government attempting to obtain all the benefits it can while ensuring that the corporations will not pack up and leave.

The type of industrial strategy one could see emerging would include the following: attempts to increase cross-industry linkages particularly between the mining and agricultural and the industrial sectors; the promotion of even greater import substitution especially in base chemicals and plastics production and in mining technology and the further inter-linking of industry with low level agricultural inputs such as hoes, ploughs and carts and with products from peasant farmers.

Internationally this is likely to be accompanied by considerable de-linking of the economy from South Africa and the promotion of a more integrated Central African economy as a rival economic centre to South Africa in line with policies currently under discussion by the Front Line States.

To increase productive employment opportunities in the rural areas, a massive rural development programme would be promoted. While this would be likely to include many policies similar to those outlined in the Treasury Proposals to stimulate growth centres in the rural areas, far less emphasis would be placed in capital intensive irrigation projects and the promotion of private sector commercial agriculture in favour of a widespread land reform programme, covering, perhaps, some $\frac{3}{4}$ of white land and leaving only the most efficient white farms crucial for local urban food requirements and export earnings.

A comprehensive land reform would, however, face major problems. Firstly, under the Constitution, large sums of money would be required for land acquisition - over \$500 million to obtain 75% of white land under current prices - although substantial amounts have been promised for such a programme. Secondly, such a programme would require both planning and considerable expertise. A third problem relates to the location of the underutilised land, much of which lies adjacent to productively used white land so complicating further the planning process. In short, a successful land reform programme would require many years to complete and to produce the required effects of increased production would also require a whole range of accompanying policies. These would include substantial infrastructural developments, the provision of a range of necessary inputs, an expanded marketing system and a considerable expansion of extension services.

There can be no doubt that a development strategy for Zimbabwe based on the transition to socialism will face major problems. These relate both to the speed with which policies could be implemented and to the ability of the

government to achieve its economic objectives. One critical element relates to the reaction of the white community - which holds almost a monopoly of high level skills - to the socialist strategy. In Mozambique there was considerable sabotage of the economy by departing whites as the Frelimo government came to power. Although one would not expect such rapid changes to come to Zimbabwe under a socialist government as occurred in Mozambique, the possibility of economic sabotage cannot be ignored. But even without sabotage, there would certainly be a critical shortage of high and medium level skills facing the government. We have already noted that skill constraints would seriously affect the ability of a capitalist oriented strategy to achieve its goals; under a socialist strategy these constraints would be even more acute both because of the more rapid departure of whites which could be expected and also because of the increase in skilled personnel needed for the expansion of state and para-statal bodies under the transition to socialism. An upgrading of black workers, the return of thousands of exile Zimbabweans and the expected inflow of foreign technicians would ease but certainly not remove this problem. There is also little doubt that in spite of substantial aid flows into Zimbabwe - whether there is a socialist or capitalist oriented government in power - the economy under the socialist option would experience foreign exchange shortages which would check the speed of implementation of national economic goals, lower potential growth and investment and probably lead to a further loss of white skills.

These factors would have a direct effect on the state's ability to expand social service facilities such as improved housing, more schools, greater access to safe water and to electrical power in the rural areas. However, under a Zimbabwean socialist strategy (although this is not intrinsic to socialism), one could assume that there would be a substantial increase in community self-help schemes including the building of homes, schools, dams, wells etc.

In spite of these developments, under a socialist strategy for Zimbabwe there is unlikely to be either a short or medium term solution to the economic problems of the present economy, while as we have seen, new problems are likely to emerge.

We have thus to conclude that even on the most favourable assumptions, including the emergence of a strong government and the rapid ending of the war, there will be no solution to the major economic problems facing Zimbabwe for many years to come.

Insofar as each strategy succeeds, different groups of people stand to gain. The capitalist strategy is to absorb more and more people from the residual sector into wage employment in the modern sectors of the economy through an export-oriented rapid growth policy. The socialist strategy is to increase directly the productive capacity of the residual sector through a national oriented growth path, based on a substantial redistribution of wealth and income.

In the longer term it is well nigh impossible to predict which strategy would succeed, if only because 'success' is measured in different terms. If, however, the longer term objective is the achievement of an independent economic system aimed at satisfying the essential needs of the masses, then the best

policy would be to embark on a strategy to achieve the national control of resources, to reduce external dependence, and to pursue a high degree of self-sufficiency in food, the provision of social services and in manufactured goods. What this demands is a substantial restructuring of the economic and social systems which exist today.



This work is licensed under a
Creative Commons
Attribution – NonCommercial - NoDerivs 3.0 License.

To view a copy of the license please see:
<http://creativecommons.org/licenses/by-nc-nd/3.0/>

This is a download from the BLDS Digital Library on OpenDocs
<http://opendocs.ids.ac.uk/opendocs/>